

HOUSE BILL REPORT

ESSB 6051

As Reported by House Committee On:
Finance

Title: An act relating to removing an expiration date applicable to heritage and arts program funding.

Brief Description: Concerning lodging taxes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Murray, Pflug, Kohl-Welles, McAuliffe, Jarrett, Eide, Kline, Fairley, Jacobsen and McDermott).

Brief History:

Committee Activity:

Finance: 2/23/10, 3/1/10 [DP].

Brief Summary of Engrossed Substitute Bill

- Distributes 37.5 percent of the King County 2 percent state-shared hotel-motel tax revenue to art museums, a performing arts center in a city with a population greater than 85,000 and less than 100,000, cultural museums, heritage museums, and heritage and preservation programs starting January 1, 2021.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, Santos and Springer.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta.

Staff: Rick Peterson (786-7150).

Background:

A hotel-motel tax is a special sales tax on lodging rentals by hotels, motels, rooming houses, private campgrounds, RV parks, and similar facilities. Cities and counties are authorized to

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levy a basic, or "state-shared" hotel-motel tax of up to 2 percent. These taxes are credited against the state sales tax on the furnishing of lodging. Other hotel-motel taxes are imposed in addition to ordinary state and local sales taxes and are added to the amount paid by the customer. The latter type is often referred to as "special" hotel-motel taxes. Generally, hotel-motel taxes must be used for tourism promotion, acquisition of tourism related facilities, or the operation of tourism related facilities. Tourism related facilities are real property or tangible personal property with a useful life of three or more years that are used to support tourism, performing arts, or to accommodate tourist activities.

In King County the 2 percent state-shared hotel-motel tax is used for retiring the debt on the Kingdome, arts and heritage programs, and after 2015 (or earlier if the debt is repaid) for repaying the debt on the football stadium, exhibition center, and for youth athletic facility grants to cities, counties, or nonprofit organizations if sufficient money is available.

Cities in King County, except Bellevue, are not allowed to impose the 2 percent state-shared hotel-motel tax until the football stadium and exhibition center debt is retired. This is expected to happen in 2020.

Scheduled to stop at the end of 2012 is the distribution of a portion of the 2 percent state-shared hotel-motel tax to arts and heritage programs. Forty percent of these distributions are deposited into a permanent and irreducible fund (fund) of which only the earnings on the fund may be spent on current programs. Established in January 2003, 4Culture is King County's cultural services agency. It continues the work of the King County Arts Commission, Public Art Commission, and the heritage programs of the Landmarks Commission. 4Culture is a tax-exempt public corporation with a 15 member Board of Directors who are nominated by the King County Executive and confirmed by the Metropolitan King County Council. 4Culture receives a portion of the hotel-motel tax revenues to provide funding to support the visual and performing arts, public art, heritage programs, and historic preservation.

Summary of Bill:

The 40 percent distribution King County's hotel-motel tax to arts and heritage programs is no longer distributed to the endowment fund, but instead is distributed to an account dedicated to art museums, a performing arts center in a city with a population greater than 85,000 and less than 100,000, cultural museums, heritage museums, and heritage and preservation programs.

At the time the bonds used to pay for the repairs to the Kingdome are retired, the county hotel-motel tax will be distributed into the account dedicated to the arts and heritage programs until December 31, 2015.

The prohibition for cities in King County imposing the 2 percent state shared hotel-motel tax is extended indefinitely. Beginning January 1, 2021, at least 37.5 percent of the county hotel-motel tax revenues will be distributed to the account dedicated to art museums, a

performing arts center in a city with a population greater than 85,000 and less than 100,000, cultural museums, heritage museums, and heritage and preservation programs.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Central Washington State Fair would like to be included in this bill. The money would be used to improve buildings and infrastructure. There was a clerical problem with the Senate striking amendment that removed Yakima County and we ask that it be put back in. This bill will benefit several arts and heritage programs. 4Culture helps provide additional funding for lots of arts programs in King County; without this funding many of those organizations would struggle to stay open and provide services.

(Opposed) None.

Persons Testifying: Ron Newbry, Central Washington State Fair Association; Scott Nolte, Taproot Theatre; Paul Pauper, Form/Space Atelier; Patricia Cosgrove, White River Valley Museum; and Jim Kelly, 4Culture.

Persons Signed In To Testify But Not Testifying: None.